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Labor & Workforce Development Agency

NEWS RELEASE

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California Applies for Federal Grant to Provide Job Assistance To Workers Laid Off in the Mortgage and Banking Industries

SACRAMENTO – In response to the recent housing market downturn and sub-prime mortgage foreclosures, California has applied for a \$9 million National Emergency Grant (NEG) from the U.S. Department of Labor to retrain workers laid off in the mortgage and banking industry.

The NEG funds are discretionary awards by the U.S. Secretary of Labor when events create a sudden need for unemployed worker assistance that can't be handled with existing state funds. This funding application focuses on California's mortgage lending institutions, where more than 6,000 layoffs have occurred throughout the state since July 1, 2007.

California's Employment Development Department's (EDD) Worker Adjustment and Retraining Notification (WARN) system has received over 60 notices from mortgage companies since July 1. While approximately one-third of those notices were from companies located in Orange County, many of the layoffs from the larger corporations, such as Countrywide, BNC Mortgage and GreenPoint, are spread throughout the state.

"This is one of many efforts the state is pursuing to assist those affected by the recent housing market downturn and mortgage foreclosures," said California Labor and Workforce Development Agency Secretary Victoria Bradshaw. "While many people have lost their homes, others have lost their jobs. It's in everyone's interest to retrain these workers and get them into new jobs as soon as possible."

A wide variety of workers in the mortgage industry have been affected, from loan officers to clerical and administrative staff. The NEG funds will be used to assist these workers in their transition to other high-demand jobs. California hopes to hear by the end of the year if its grant application has been approved.

California's NEG application will focus on 12 areas with the highest needs located in the following counties: Alameda, Contra Costa, Los Angeles, Orange, Riverside, San Diego, Sonoma and Stanislaus. The local One-Stop Centers in these counties have been providing rapid response services to the affected mortgage and finance workers and employers. These rapid response services, conducted with Workforce Investment Act (WIA) funds, include information on the availability of Unemployment Insurance benefits, labor market information, employment services available through the One-Stop System, and other community resources.

Comprehensive assessments will determine current and transferable skills. Some of the workers have financial industry experience and skills that are transferable to jobs in high-growth high-demand industries, such as healthcare and biotech. Depending on the skill level of the individual, the length and type of training will vary. For those with limited transferable skills, longer term training will be needed. Occupational or vocational skills training available through local community colleges will transition workers to occupations with career potential.

The WARN system provides protection to employees, their families, and communities by requiring employers to give affected employees and other state and local representatives 60 days advance notice of a plant closing or mass layoff. Advance notice provides employees and their families some transition time to adjust to the prospective loss of employment, to seek and obtain alternative jobs and, if necessary, to enter skills training or retraining that will allow these employees to successfully compete in the job market.

More information on WARN is available on EDD's Web site at www.edd.ca.gov/eddwarn.htm.

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